



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 446

AS ENACTED

MONDAY, MARCH 20, 2006

RECEIVED AND FILED
DATE March 28, 2006
11:54 Am

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Keller

AN ACT relating to the sales of horses.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

SECTION 1. A NEW SECTION OF KRS CHAPTER 230 IS CREATED TO
READ AS FOLLOWS:

(1) Any sale, purchase, or transfer of an equine used for racing, or showing, including prospective racehorses, breeding prospects, stallions, stallion seasons, broodmares, or weanlings, or any interest therein, shall be:

(a) Accompanied by a written bill of sale or acknowledgment of purchase and security agreement setting forth the purchase price; and

(b) Signed by both the purchaser and the seller or their duly authorized agent, or in a transaction solely relating to a season or fractional interest in the stallion, signed by the syndicate manager or stallion manager.

(2) In circumstances where a transaction described in subsection (1) is accomplished through a public auction the bill of sale requirement described in subsection (1) may be satisfied by the issuance of an auction receipt, generated by the auction house, and signed by the purchaser or the purchaser's duly authorized agent. An agent who signs an auction receipt on behalf of his or her principal shall do so only if authorized in writing. When presented with such authorization, all other parties to the transaction may presume that an agent signing on behalf of his or her principal is duly authorized to act for the principal.

(3) It shall be unlawful for any person to act as an agent for both the purchaser and the seller, which is hereby defined as a dual agent, in a transaction involving the sale, purchase, or transfer of an interest in an equine used for racing or showing, including prospective racehorses, breeding prospects, stallions, stallion seasons, broodmares, or weanlings, or any interest therein, without:

(a) The prior knowledge of both the purchaser and the seller; and

(b) Written consent of both the purchaser and the seller.

1 (4) It shall be unlawful for a person acting as an agent for either a purchaser or a
2 seller or acting as a dual agent in a transaction involving the sale, purchase, or
3 transfer of an equine used for racing or showing, including prospective
4 racehorses, breeding prospects, stallions, stallion seasons, broodmares, or
5 weanlings, or any interest therein, to receive compensation, fees, a gratuity, or
6 any other item of value in excess of five hundred dollars (\$500), and related
7 directly or indirectly to such transaction, from an individual or entity including
8 any consigner involved in the transaction, other than an agent's principal,
9 unless:

10 (a) The agent receiving and the person or entity making the payment disclose in
11 writing the payment to both the purchaser and seller; and

12 (b) Each principal for whom the agent is acting consents in writing to the
13 payment.

14 (5) Any person acting as an agent for a purchaser or seller or acting as a dual agent
15 in a transaction involving the sale, purchase, or transfer of an equine used for
16 racing or showing, including prospective racehorses, breeding prospects,
17 stallions, stallion seasons, broodmares, or weanlings, or any interest therein,
18 shall, upon request by his or her principal or principals, furnish copies of all
19 financial records and financial documents in the possession or control of the
20 agent pertaining to the transaction to the principal or principals. However,
21 disclosure of compensation arrangements described in subsection (7) of this
22 section shall not be required. For purposes of this subsection, financial records
23 shall not include the agent's or owner's work product used to internally evaluate
24 the equine.

25 (6) Any person injured by a violation of this section shall recover treble damages,
26 from persons or entities violating this section, and the prevailing party in any
27 litigation under this section shall be entitled to an award of costs of the suit,

1 reasonable litigation expenses, and attorney's fees. As used in this section, treble
2 damages shall equal three (3) times the sum of:

3 (a) The difference, if any, between the price paid for the equine and the actual
4 value of the equine at the time of sale; and

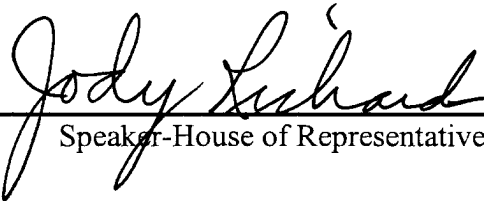
5 (b) Any payment made in violation of subsection (4) of this section.

6 (7) Nothing in this section shall require disclosure of compensation arrangements
7 between a principal and an agent where no dual agency exists, where the agent is
8 acting solely for the benefit of his or her principal, and where the agent is being
9 compensated solely by his or her principal.

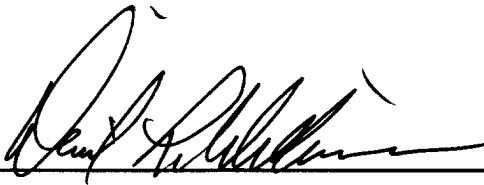
10 (8) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary,
11 for transactions contemplated by this section that are accomplished through a
12 public auction, this section shall not require disclosure of the reserves, the
13 identity of the principals, or the auctioneer's commissions. Auction companies
14 shall not be deemed to be dual agents for all purposes under this section.

15 (9) The provisions of this section shall not apply to the sale, purchase, or transfer of
16 an equine used for showing if the sale, purchase, or transfer does not exceed ten
17 thousand dollars (\$10,000).

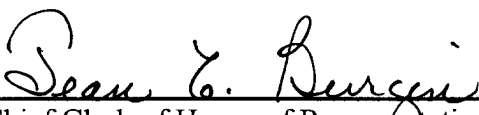
18 (10) No person shall be held liable under this section unless that person has actual
19 knowledge of the conduct constituting a violation of this section.



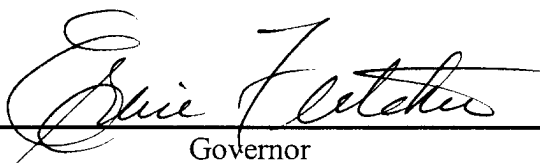
Speaker-House of Representatives



President of the Senate

Attest: 

Chief Clerk of House of Representatives

Approved 

Governor

Date 